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November 28, 2005

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

Re: Discount Rates- D.T.E. 01-106-C/D.T.E. 05-55/D.T.E. 05-56

Dear Secretary Cottrell:

New England Gas Company (the "Company") files these comments in response to the Attorney General's November 4, 2005, Motion for Reconsideration (the "Motion") of the Department of Telecommunications and Energy's October 14, 2005 Order (the "Order") in this proceeding. In summary, the Company, representing its Fall River and North Attleboro service areas, requests that the Department deny the Attorney General's Motion because it fails to meet the Department's standard of review for reconsideration.

The Department's standard of review for motions for reconsideration is that reconsideration is granted only when circumstances dictate that the Department should take a fresh look at the record for the purpose of modifying a decision reached after review and deliberation. Consolidated Arbitrations, Phase 4-M at 5 (1999), citing North Attleboro Gas Company, D.P.U. 94-130-B at 2 (1995); Boston Edison Company, D.P.U. 90-270-A at 2-3 (1991); Western Massachusetts Electric Company, D.P.U. 558-A at 2 (1987). Rather than simply rearguing issues considered and decided, a motion for reconsideration must bring to light previously unknown or undisclosed facts that would have a significant impact upon the decision already rendered. Consolidated Arbitrations, Phase 4-M at 5 (1999), citing Commonwealth Electric Company, D.P.U. 92-3C-1A at 3-6 (1995); Boston Edison Company, D.P.U. 90-270-A at 3 (1991); Boston Edison Company, D.P.U. 1350-A at 4 (1983). In the alternative, a motion for reconsideration may be granted upon a showing that the Department's disposition of an issue was the product of mistake or inadvertence. Consolidated Arbitrations, Phase 4-M at 5 (1999), citing Massachusetts Electric Company, D.P.U. 90-261-B at 7 (1991); New England Telephone and Telegraph Company, D.P.U. 86-33-J at 2 (1989); Boston Edison Company, D.P.U. 1350-A at 5 (1983).

In short, the Attorney General's motion fails to meet this standard. The Attorney General raises no new facts or identifies a "mistake" in the Department's Order that would its reconsideration. The Motion makes several recommendations regarding changes to the Department's approved methodology for calculating Residential Assistance Adjustment Factors

("RAAFs"). Of these, the Company takes specific issue with the Attorney General's contention that the Residential Assistance Adjustment Clause ("RAAC") tariffs filed by the electric and gas companies are not "uniform" in design (Motion at 5). First, contrary to the Attorney General's allegations, the RAAF mechanisms are uniform in that they each are consistent with the Department's "Alternative Methodology" proffered by the Department on September 27, 2005 and approved in the Order. The Department has properly allowed companies to prepare their RAAC tariffs using the formatting and narrative style that they use in their other Department-approved tariffs. However, non-substantive differences in tariff formatting or narrative style among the companies' RAAC tariffs do not represent a lack of uniformity in the methodology for calculating RAAF factors.

Second, to make his point, the Attorney General specifically identifies the Company's tariffs M.D.T.E. Nos. 201A and 301A (Id. at n. 4). However, the tariffs cited by the Attorney General are the Company's Local Distribution Adjustment Clause ("LDAC") tariffs, which incorporate the Company's RAAC by reference. By only referencing Section 1.08 of the Company's LDAC tariffs, the Attorney General has failed to acknowledge that the Company's specific RAAC, approved by the Department as M.D.T.E. No. 103, is uniform with the other companies' filings and speaks specifically to the RAAF, the components used to determine baseline and recoverable revenue, and the RAAC's applicability and annual reconciliation requirements. In short, the Attorney General fails to review the appropriate tariff in making its assertions.

Moreover, the Alternative Methodology, as reflected in the RAAC, specifically delineates uniform categories of discount rate-related costs that are allowed to be recovered through a RAAF. Therefore, the implementation of the gas or electric company tariffs will yield similar results for their respective customers because the types of costs allowed to be collected by any one company are the same for all gas and electric companies. Accordingly, the Attorney General's contentions regarding an alleged lack of uniformity among the RAAC tariffs are inapt and do not represent a new allegation or a mistake that would warrant reconsideration of the Order.

The Attorney General also contends that the Department's procedure in this docket was flawed. Specifically, he alleges that "an adjudicatory proceeding" for each gas and electric company is required before the Department may approve RAAC tariffs that include a RAAF formula that would allow "cost recovery" associated with discount rates (Motion at 4). However, contrary to the Attorney General's allegations, rate adjustment tariffs such as those approved by the Department in this proceeding do not require evidentiary hearings as a condition for approval.

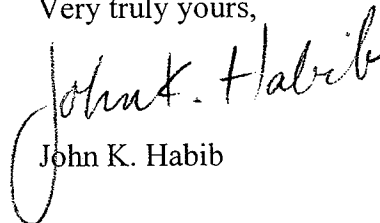
The Department is required to hold "public" hearings in the context of filings that represent "general increase in rates" pursuant to G.L. c. 164, § 94. However, the filing of RAAF in the instant proceeding does not represent a general increase in rates, but rather, allows gas and electric companies the opportunity to adjust their distribution rates as they relate to the recovery of discount rate revenue only, and only until a company's next rate case. D.T.E. 01-106-C/D.T.E. 05-55/D.T.E. 05-56, at 7-8. Such adjustments will occur only to the extent of increased participation on discount rates over the twelve-month baseline period ending June 30,

2005. In any given year, a RAAF tariff may result in no adjustment at all, to the extent that the lost revenues during a reconciliation period are no greater than the lost revenues realized by a company during the baseline period. Id. at n.3. Accordingly, RAAC tariffs, and the RAAF methodology approved by the Department, do not represent a general increase in rates for customers that trigger the hearing provisions of Section 94.

Moreover, even if the RAAC tariffs represented a "general increase" in base rates, Section 94 does not support the Attorney General's contention that the implementation of RAAC tariffs requires adjudicatory proceedings. Section 94 requires only that the Department hold a public hearing and make an investigation as to the propriety of changes to rate schedules that represent a general increase in rates. The Department, in fact, held a public hearing in this proceeding on September 16, 2005 and conducted an extensive investigation in this docket of the propriety of various RAAF methodologies. Accordingly, neither the Attorney General's substantive issues with the Department's RAAC methodology nor his allegations regarding the Department's procedure approving RAAC tariffs meet the Department's standard of review for reconsideration.

The Company appreciates the opportunity to comment on the Attorney General's Motion. Please contact me or Kevin Penders at (401) 574-2212 if you have any questions regarding these comments.

Very truly yours,



John K. Habib

cc: Service List, D.T.E. 01-106/D.T.E. 05-55/D.T.E. 05-56
Joseph Rogers, Assistant Attorney General
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